

August 22, 2009

The Honorable Nancy Pelosi

Dear Madam Speaker....

We are writing to you because, as Governors, we are extremely concerned the federal energy/environmental policy being considered in Congress will disproportionately and negatively impact our states' economies and citizens, and hurt our nation as a whole. The House-passed Waxman-Markey bill (H.R. 2454) does little or nothing to address our country's excessive reliance on imported oil and, by EPA's own admission, will not significantly reduce global greenhouse gas emissions because large economies like China and India are growing at a rapid rate under far less stringent environmental controls than the U.S.

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Specifically, the cap and trade tax and renewable electricity standard, as proposed in Waxman-Markey, will unnecessarily increase energy prices in our states. This impacts low-income households the most, since a greater percentage of their income goes to pay energy bills. Additionally, many manufacturing businesses in our states will no longer be competitive if they are forced to pay higher energy prices than their foreign competition. These jobs will be exported and lost.

Energy is the lifeblood of the American economy. At a time when families and businesses are struggling to make ends meet, energy policy should encourage affordable, abundant, reliable American energy. Any energy policy that sets out to raise conventional energy prices will hurt everyone, especially the poor, and needlessly impede our economic recovery.

We believe Congress should enact energy policy that, first and foremost, provides energy security by reducing our reliance on oil imports and helps our economy grow while also encouraging energy conservation and deployment of cleaner, affordable energy technology. More American energy means more investment and more American jobs. National energy policy should encourage more production of clean energy sources, bring about greater energy efficiency and conservation, promote innovation and technology development, support electricity grid and infrastructure improvement, and accelerate the development of all the abundant resources our states and our country have to offer.

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Southern states have much at stake in this debate because the South is a major energy supplier to the rest of the country with abundant coal, oil, and natural gas stores and with new technologies enabling the use of biomass and other renewables coming online. Due to our abundant energy resources and ample production capacity and infrastructure, Southern states tend to have lower energy costs on average than states with fewer energy resources, production capacity, and transport infrastructure. Over the years, this has been

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a significant reason for growth in manufacturing, jobs growth, and population increases in Southern states. If energy becomes more expensive in the U.S. than in other countries, energy-intensive manufacturing companies will make their products somewhere else. We cannot afford ~~for any more good-paying, highly-skilled manufacturing jobs to move offshore.~~ The energy and manufacturing sectors provide hundreds of thousands of jobs in Southern states; hence, Southern Governors are particularly concerned about how federal energy policy will impact these critical parts of the Southern economy.

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Our states face unique circumstances and should be free to act in the best interest of our citizens and not be forced into more expensive, more regulated options. Any effort to curb greenhouse gas emissions should not hurt the regional and national economy by causing higher energy prices and must protect American jobs from unfair international competition by including binding commitments from other large economies like China and India.

Above all, energy policy must build on the American values of independence, growth, and opportunity. Americans deserve an energy policy that expands opportunity and access, ensures affordability, promotes innovation and growth, and harnesses our nation's greatest resource: its citizens.

~~We call on Congress to enact an energy policy in accordance with these principles.~~

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